

**ST. MARTIN PARISH CLERK OF COURT****Financial Report****Year Ended June 30, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/15/10

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)</b>	
Statement of net assets	5
Statement of activities	6
<b>FUND FINANCIAL STATEMENTS (FFS)</b>	
Fund description - major fund	
Balance sheet - governmental fund	9
Reconciliation of the governmental fund balance sheet to the statement of net assets	10
Statement of revenues, expenditures, and changes in fund balance - governmental fund	11
Reconciliation of the statement of revenues, expenditures, and changes in fund balance of the governmental fund to the statement of activities	12
Fund descriptions - fiduciary funds	
Statement of fiduciary assets and liabilities - agency funds	14
Notes to basic financial statements	15-29
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
General Fund:	
Budgetary comparison schedule	31
Budgetary comparison schedule - revenues	32
Budgetary comparison schedule - expenditures	33
Schedule of funding progress	34
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
Fiduciary Funds:	
Combining statement of fiduciary assets and liabilities	36
Combining statement of changes in assets and liabilities	37

## TABLE OF CONTENTS (continued)

	<u>Page</u>
INTERNAL CONTROL AND COMPLIANCE	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	39-40
Schedule of prior and current audit findings and management's corrective action plan	41-42

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## INDEPENDENT AUDITORS' REPORT

The Honorable Rebecca Patin  
St. Martin Parish Clerk of Court  
St. Martinville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the St. Martin Parish Clerk of Court (Clerk of Court), as of and for the year ended June 30, 2010, which collectively comprise the Clerk of Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Clerk of Court's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the St. Martin Parish Clerk of Court, as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 13 to the financial statements, the Clerk of Court adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* in 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2010, on our consideration of the Clerk of Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that budgetary comparison information and schedule of funding progress on pages 31 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The St. Martin Parish Clerk of Court has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk of Court's financial statements as a whole. The other supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Breaux Bridge, Louisiana  
November 19, 2010

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Statement of Net Assets  
June 30, 2010

ASSETS

Current assets:	
Cash and interest-bearing deposits	\$ 684,368
Receivables, net	44,903
Due from other governmental units	1,750
Accrued interest	<u>1,362</u>
Total current assets	732,383
Noncurrent assets:	
Capital assets, net	<u>119,653</u>
Total assets	<u>852,036</u>

LIABILITIES

Current liabilities:	
Accounts payable	4,336
Notes payable	16,416
OPEB obligation	<u>17,221</u>
Total current liabilities	<u>37,973</u>
Noncurrent liabilities:	
OPEB obligation	<u>139,339</u>
Total liabilities	<u>177,312</u>

NET ASSETS

Invested in capital assets, net of related debt	103,237
Unrestricted	<u>571,487</u>
Total net assets	<u>\$ 674,724</u>

The accompanying notes are an integral part of the basic financial statements.



ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Statement of Activities  
For the Year Ended June 30, 2010

Expenses:	
Judiciary:	
Personal services and related benefits	\$ 1,545,398
Operating services	285,824
Material and supplies	88,389
Debt service	<u>3,317</u>
Total expenses	<u>1,922,928</u>
Program revenues:	
Licenses and permits	5,325
Fines, charges, and commissions for services	<u>1,766,394</u>
Total program revenues	<u>1,771,719</u>
Net program revenue	<u>(151,209)</u>
General revenues:	
Miscellaneous	<u>57,213</u>
Change in net assets	(93,996)
Beginning net assets	<u>768,720</u>
Ending net assets	<u>\$ 674,724</u>

The accompanying notes are an integral part of the basic financial statements.

**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTION - MAJOR FUND**

### **General Fund**

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Balance Sheet - Governmental Fund  
June 30, 2010

ASSETS

Cash	\$ 528,581
Interest-bearing deposits	155,787
Receivables:	
Accounts receivable	44,903
Due from other governmental agencies	1,750
Accrued interest	<u>1,362</u>
Total assets	<u>\$ 732,383</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ <u>4,336</u>
Total liabilities	<u>4,336</u>
Fund balance:	
Unreserved, undesignated	<u>728,047</u>
Total fund balance	<u>728,047</u>
Total liabilities and fund balance	<u>\$ 732,383</u>

The accompanying notes are an integral part of the basic financial statements.

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Assets  
June 30, 2010

Total fund balance for the governmental fund at June 30, 2010		\$ 728,047
Cost of capital assets at June 30, 2010	\$ 298,839	
Less: Accumulated depreciation	<u>(179,186)</u>	119,653
General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. This debt is:		
Notes payable	(16,416)	
Net OPEB obligation payable	<u>(156,560)</u>	<u>(172,976)</u>
Total net assets of governmental activities at June 30, 2010		<u>\$ 674,724</u>

The accompanying notes are an integral part of the basic financial statements.

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Governmental Fund  
For the Year Ended June 30, 2010

Revenues:	
Licenses and permits	\$ 5,325
Fees, charges and commissions -	
Court costs, fees and charges	163,613
Fees for recording legal documents	1,501,312
Fees for certified copies	101,469
Miscellaneous	<u>57,213</u>
Total revenues	<u>1,828,932</u>
Expenditures:	
Current -	
General government:	
Personnel services and related benefits	1,388,838
Operating services	221,329
Material and supplies	88,389
Debt service	20,620
Capital outlay	<u>46,040</u>
Total expenditures	<u>1,765,216</u>
Excess of revenues over expenditures	63,716
Fund balance, beginning of year	<u>664,331</u>
Fund balance, end of year	<u>\$ 728,047</u>

The accompanying notes are an integral part of the basic financial statements.

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance of the Governmental Fund  
to the Statement of Activities  
For the Year Ended June 30, 2010

Total net change in fund balance for the year ended June 30, 2010 per Statement  
of Revenues, Expenditures and Changes in Fund Balance \$ 63,716

The change in net assets reported for governmental activities in the statement  
of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities, the cost of those assets is allocated over their estimated useful  
lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement	46,040
of Revenues, Expenditures and Changes in Fund Balance	(52,194)
Depreciation expense for the year ended June 30, 2010	

Because Governmental Funds do not record fixed assets and accumulated  
depreciation, any assets disposed of with no selling price do not affect the  
statement of revenues, expenditures, and changes in fund balance. However,  
in the statement of activities, a gain or loss is shown on assets that are not  
fully depreciated. (12,284)

Net OPEB obligation at June 30, 2010	(156,560)
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Governmental funds record long-term debt in the General Long-  
Term Debt Account Group as opposed to recording debt activity in the  
fund financial statements. However, in the statement of activities, the  
debt and related expenses are reported. 17,286

Total changes in net assets for the year ended June 30, 2010 per Statement of Activities	<u>\$ (93,996)</u>
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The accompanying notes are an integral part of the basic financial statements.

## **FUND DESCRIPTIONS - FIDUCIARY FUNDS**

### **AGENCY FUNDS**

Both of these funds are reflected in the totals of the agency funds presented in the statement of fiduciary assets and liabilities.

#### **Advance Deposit Fund -**

The Advance Deposit Fund, as provided by Louisiana Revised Statute 13:842, is used to account for advance deposits on suits filed by litigants which are accounted for on the computer system. The advances are refundable to the litigants after all costs have been paid.

#### **Registry of Court Fund -**

The Registry of Court Fund, as provided by Louisiana Revised Statute 13:475, is used to account for funds which have been ordered by the court to be held until judgment has been rendered in court litigation. Withdrawals of the funds can be made only upon order of the court.



ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Statement of Fiduciary Assets and Liabilities - Agency Funds  
June 30, 2010

ASSETS

Cash	\$ 721,873
Interest-bearing deposits	1,788,706
Accrued interest receivable	<u>1,214</u>
Total assets	<u>\$ 2,511,793</u>

LIABILITIES

Due to litigants and others	\$ 1,255,133
Unsettled deposits	<u>1,256,660</u>
Total liabilities	<u>\$ 2,511,793</u>

The accompanying notes are an integral part of the basic financial statements.

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the St. Martin Parish Clerk of Court (Clerk of Court) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the industry audit guide, *Audits of State and Local Governments*.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, a Clerk of Court serves as the ex-officio notary public, the recorder of conveyances, mortgages and other acts, and shall have other duties and powers provided by law. A Clerk of Court is elected for a term of four years.

These financial statements only include funds and activities that are controlled by the Clerk of Court as an independently elected parish official.

As an independently elected official, the Clerk of Court is responsible for the operations of his office, which include the hiring or retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Clerk's office that are paid or provided by the Parish Government as required by Louisiana law, the Clerk of Court is financially independent. In addition, at the expiration of the Clerk of Court's term of office, the Clerk is required to remit to the Parish Government any balance in the Clerk's General (Salary) Fund that exceeds one-half of the revenues of the last year of the term in office.

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, which are considered to be governmental activities. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Clerk of Court's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS)

The accounts of the Clerk of Court are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Clerk of Court are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

The major fund of the Clerk of Court is described below:

Governmental Fund -

General Fund

The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the Clerk of Court and is used to account for the operations of the Clerk of Court's office. The various fees and charges due to the Clerk of Court's office are accounted for in this fund. General operating expenditures are paid from this fund.

Additionally, the Clerk of Court reports the following fund type:

Fiduciary Funds -

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of other funds within the Clerk of Court. The funds accounted for in this category by the Clerk of Court are the agency funds. The agency funds are as follows:

Advance Deposit Fund – accounts for advance deposits on suits filed by litigants.

Registry of the Court Fund – accounts for funds which have been ordered by the court to be held until judgment has been rendered in court litigation.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide statement of net assets and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported.

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

In the fund financial statements, the governmental fund utilizes the current financial resources measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.

**Basis of Accounting**

In the government-wide statement of net assets and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. When both restricted and unrestricted sources are available for use, it is the Clerk's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Equity**

**Cash and interest-bearing deposits**

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Clerk of Court.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

**Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements.

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk of Court maintains a threshold level of \$1,000 for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25 years
Furniture, fixtures, and equipment	5-12 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-term debt

All long-term debt to be repaid from governmental funds is reported as liabilities in the government-wide statements. The long-term debt consists of one note payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt is reported as other financing sources and payment of principal and interest is reported as expenditures.

Compensated Absences

Employees of the Clerk of Court's office earn 10 to 20 days of vacation leave each year depending on length of service. In addition, employees earn 10 days of sick leave each year. Vacation leave must be used in the year earned; unused vacation leave may be converted to sick leave at year end. Sick leave may be accumulated but is not paid upon termination (unless the individual is disabled or deceased). At June 30, 2010, the Clerk of Court has no accumulated leave benefits required to be reported in accordance with GASB Statement No. 16, "Accounting for Compensated Absences."

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Clerk had no equity in this classification at June 30, 2010.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

E. Budgetary and Budgetary Accounting

The Clerk of Court follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed budget is prepared and submitted to the Clerk of Court for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Clerk of Court. Such amendments were not material in relation to the original appropriations.

F. Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

G. Bad Debts

Uncollectible amounts due for receivables are recognized as bad debts by direct write-off at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible accounts receivable was made due to immateriality at June 30, 2010.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010 are recorded as prepaid items.

(2) Cash and Interest-Bearing Deposits

Under state law, the Clerk of Court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Clerk of Court may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2010, the Clerk of Court has cash and cash equivalents (book balances) totaling \$3,194,947 of which \$2,510,579 is attributable to fiduciary funds, which is not presented in the statement of net assets.

Demand deposits	\$ 2,378,882
Time deposits	<u>816,065</u>
Total	<u>\$ 3,194,947</u>



ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

These deposits are stated at cost, which approximates fair value. Custodial credit risk is the risk that in the event of a bank failure, the Clerk's deposits may not be returned to it. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposit balances (bank balances) at June 30, 2010, and the related federal insurance and pledged securities:

Bank balances	<u>\$ 3,500,511</u>
Insured	<u>\$ 1,358,132</u>
Uninsured and collateral held by pledging bank not in Clerk's name	<u>2,142,379</u>
Total	<u>\$ 3,500,511</u>

(3) Due from Other Governmental Units

Amount due from other governmental units at June 30, 2010 consisted of the following:

Amount due from the Louisiana Clerk of Court - Clerk's Supplemental Fund	<u>\$ 1,750</u>
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(4) Capital Assets

Capital asset balances and activity for the year ended June 30, 2010 is as follows:

	Balance 07/01/09	Additions	Deletions	Balance 06/30/10
Buildings, furniture, fixtures and equipment	\$ 365,721	\$ 46,040	\$ (112,922)	\$ 298,839
Less: Accumulated depreciation	<u>(227,630)</u>	<u>(52,194)</u>	<u>100,638</u>	<u>(179,186)</u>
Net capital assets	<u>\$ 138,091</u>	<u>\$ (6,154)</u>	<u>\$ (12,284)</u>	<u>\$ 119,653</u>

Depreciation expense of \$52,194 was charged to the general government function.

(5) Pension Plan

Plan Description - The Clerk of Court contributes to the Clerk of Court Retirement and Relief Fund (Retirement System), a cost-sharing multiple employer defined benefit pension plan administered by the Clerk of Court Retirement and Relief Fund, a public corporation created in accordance with the provisions of Louisiana Revised Statutes 11:1501 - 1540 to provide retirement, disability and survivor benefits to members throughout the State of Louisiana. The Clerk of Court

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

Retirement and Relief Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Clerk of Court Retirement and Relief Fund, 11745 Bricksome Ave., Suite B-1, Baton Rouge, Louisiana 70816.

Funding Policy - Plan members are required to contribute 8.25% of their annual covered salary and the St. Martin Parish Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 14.75% of annual covered payroll. The contribution requirements of plan members and the St. Martin Parish Clerk of Court are established and may be amended by the Clerk of Court Retirement and Relief Fund. The St. Martin Parish Clerk of Court's contributions to the Retirement System for the years ended June 30, 2010, 2009, and 2008 were \$128,708, \$93,710, and \$97,465, respectively.

(6) Changes in Agency Fund Balances

A summary of changes in agency fund due to litigants and unsettled deposits for the year ended June 30, 2010 follows:

	<u>Advance Deposit</u>	<u>Registry of Court</u>	<u>Total</u>
Balance, June 30, 2009	\$ 1,267,022	\$ 1,618,447	\$ 2,885,469
Additions	1,730,726	42,568	1,773,294
Reductions	<u>(1,742,615)</u>	<u>(404,355)</u>	<u>(2,146,970)</u>
Balance, June 30, 2010	<u>\$ 1,255,133</u>	<u>\$ 1,256,660</u>	<u>\$ 2,511,793</u>

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

(7) Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions of the St. Martin Parish Clerk of Court for the year ended June 30, 2010. The general obligation debt is paid by the general fund. In the past, payments on long term debt that pertained to the Clerk of Court's governmental activities were made by the general fund.

	OPEB Obligation	General Obligation	Total
Long-term liabilities, June 30, 2009	\$ -	\$ 33,702	\$ 33,702
Debt assumed	156,560	-	156,560
Debt retired	<u>-</u>	<u>(17,286)</u>	<u>(17,286)</u>
Long-term liabilities, June 30, 2010	<u>\$156,560</u>	<u>\$ 16,416</u>	<u>\$172,976</u>

Long-term debt at June 30, 2010 is as follows:

General obligation debt

\$113,895 note payable with one initial installment of \$50,000 and monthly installments in the amount of \$1,470; interest rate of 13.5%, full maturity at June 2011. \$ 16,416

Total General obligation debt \$ 16,416

Less: Current portion (16,416)

Long - term portion \$ -

The annual requirements to amortize the outstanding debt as of June 30, 2010 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	<u>\$ 16,416</u>	<u>\$ 1,241</u>
Total	<u>\$ 16,416</u>	<u>\$ 1,241</u>

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

(8) Operating Leases

Rental expense for the year ended June 30, 2010 was \$23,898. The Clerk had the following lease agreements in effect during the year ended June 30, 2010:

<u>Description</u>	<u>Term</u>	<u>Expiration Date</u>	<u>Monthly Lease Amount</u>
Konica machine	3.25 Years	4/11	\$ 485
Mail machine	5.75 Years	6/11	345
Konica machine	3.25 Years	8/10	425
Konica machine	3.25 Years	8/10	425
Copystar machine	3 Years	4/12	312

The minimum future payments for these agreements are as follows:

2011	14,428
2012	<u>3,115</u>
Total	<u>\$ 17,543</u>

(9) Deferred Compensation Plan

Certain employees of the Clerk participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

(10) Risk Management

The Clerk of Court is exposed to risks of loss in the areas of general and auto liability, healthcare and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year nor have settlements exceeded coverage for the past three years.

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

(11) Expenditures of the Clerk of Court Paid by the Parish Government

The Clerk of Court's office is located in the St. Martin Parish Courthouse Annex. The St. Martin Parish Government pays for the upkeep and maintenance of the courthouse annex. These expenditures are not reflected in the accompanying financial statements.

(12) Litigation

There is no litigation pending against the Clerk of Court at June 30, 2010.

(13) Post-Retirement Health Care and Life Insurance Benefits

From an accrual accounting perspective, the cost of postemployment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2010, the Clerk of Court recognizes the cost of postemployment healthcare in the year when employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Clerk of Court's future cash flows. Because the Clerk of Court is adopting the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2010 liability.

**Plan Description:** The Clerk of Court's office offers health care coverage to its eligible employees through a policy maintained with Benefit Management. Retired employees enjoy the same coverage as active employees. The plan is a single-employer defined benefit health care plan administered by the Clerk of Court. The Clerk of Court has the authority to establish and amend the benefit provisions of the plan. The plan does not issue a publicly available financial report.

**Funding Policy:** The Clerk of Court covers 100% of employee's premiums and 50% of the premium for employee's family (spouse and/or children). Premiums for retired employees and their families are covered at the same percentages as active employees. The Clerk of Court recognizes the cost of providing these benefits (the Clerk of Court's portion of premiums) as an expenditure when the monthly premiums are due. The benefits are financed on a pay-as-you-go basis.

**Annual OPEB Cost:** The Clerk of Court's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The Clerk of Court utilizes the level-dollar amortization method to amortize the unfunded actuarial accrued liability.

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

The following table shows the components of the Clerk of Court's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Clerk of Court's net OPEB obligation:

Annual required contribution	\$ 156,560
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	156,560
Contributions made	<u>-</u>
Increase in net OPEB obligation	156,560
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation - end of year	<u>\$ 156,560</u>

The Clerk of Court's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 156,560	-	\$ 156,560

Fiscal year 2010 was the year of implementation of GASB Statement No. 45 and the Clerk of Court has elected to implement prospectively. Therefore, prior year comparative data is not available. In future years, three-year trend information will be presented.

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2010, was as follows:

Actuarial accrued liability (AAL)	\$ 1,370,900
Actuarial valuation of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,370,900</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 765,746
UAAL as a percentage of covered payroll	179%

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the Clerk of Court's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, will present multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Because 2010 was the year of implementation of GASB Statement No. 45 and the Clerk of Court elected to apply the statement prospectively, only one year is presented in the schedule at this time. In future years, required trend data will be presented.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

In the July 1, 2009 actuarial valuation the unit credit actuarial cost method was used. The significant actuarial assumptions used in the valuation of the plan are as follows:

1. Investment return of 5% per annum, compounded annually.
2. The inflation rate is 2.5%.
3. The initial trend rate used in the calculations was 7%. The ultimate trend rate is 5%. The time period between the initial rate and the ultimate rate is 2 years.

(14) Subsequent Events

Subsequent events have been evaluated through November 19, 2010, the date of the financial statement issuance.

(15) New Reporting Standard

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and the Governmental Fund Type Definitions* (Statement). This statement classifies fund balance into various categories. In addition, the statement clarifies the definitions of the various types of governmental funds. The Clerk of Court is required to implement this standard no later than the fiscal year beginning July 1, 2010. The Clerk of Court has not determined the full impact that adoption of GASB 54 will have on the financial statements.



**REQUIRED  
SUPPLEMENTARY INFORMATION**

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana

Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2010

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 5,500	\$ 5,300	\$ 5,325	\$ 25
Fees, charges and commissions -				
Court costs, fees and charges	181,300	155,700	163,613	7,913
Fees for recording legal documents	1,388,000	1,480,500	1,501,312	20,812
Fees for certified copies	105,000	100,000	101,469	1,469
Miscellaneous	24,000	52,000	57,213	5,213
Total revenues	<u>1,703,800</u>	<u>1,793,500</u>	<u>1,828,932</u>	<u>35,432</u>
Expenditures:				
Current -				
General government:				
Personnel services and related benefits	1,327,126	1,400,476	1,388,838	11,638
Operating services	298,500	264,850	221,329	43,521
Material and supplies	50,100	65,600	88,389	(22,789)
Debt service	20,604	24,600	20,620	3,980
Capital outlay	-	32,000	46,040	(14,040)
Total expenditures	<u>1,696,330</u>	<u>1,787,526</u>	<u>1,765,216</u>	<u>22,310</u>
Excess of revenues over expenditures	7,470	5,974	63,716	57,742
Fund balance, beginning of year	<u>564,587</u>	<u>664,331</u>	<u>664,331</u>	<u>-</u>
Fund balance, end of year	<u>\$ 572,057</u>	<u>\$ 670,305</u>	<u>\$ 728,047</u>	<u>\$ 57,742</u>

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana  
General Fund

Budgetary Comparison Schedule - Revenues  
Year Ended June 30, 2010

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Licenses and permits:				
Marriage licenses	\$ 5,500	\$ 5,300	\$ 5,325	\$ 25
Fees, charges and commissions:				
Court costs, fees and charges -				
Criminal costs	90,000	75,000	82,880	7,880
Qualifying fees	9,000	6,000	6,371	371
Police jury fees	42,000	34,000	35,823	1,823
UCC fees	18,500	18,000	18,639	639
Other	21,800	22,700	19,900	(2,800)
Total court costs, fees and charges	181,300	155,700	163,613	7,913
Fees for recording legal documents:				
Recordings	400,000	350,000	380,586	30,586
Cancellations	45,000	47,000	46,193	(807)
Mortgage certificates	33,000	33,500	31,974	(1,526)
Suits and successions	910,000	1,050,000	1,042,559	(7,441)
Total fees for recording legal documents	1,388,000	1,480,500	1,501,312	20,812
Certified copies	105,000	100,000	101,469	1,469
Miscellaneous:				
Interest earned	12,000	2,000	3,738	1,738
Online research	-	38,000	38,967	967
Other	12,000	12,000	14,508	2,508
Total miscellaneous	24,000	52,000	57,213	5,213
Total revenues	\$ 1,703,800	\$ 1,793,500	\$ 1,828,932	\$ 35,432

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana  
General Fund

Budgetary Comparison Schedule - Expenditures  
Year Ended June 30, 2010

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Expenditures:				
Current -				
Personnel services and related benefits -				
Salaries:				
Clerk	\$ 104,860	\$ 104,860	\$ 104,760	\$ 100
Deputy clerks	765,000	809,000	750,514	58,486
Other	-	-	51,035	(51,035)
Clerk's expense allowance	12,466	12,466	12,466	-
Clerk's supplemental fund	19,800	19,800	19,900	(100)
Group insurance	215,000	215,300	237,175	(21,875)
Pension and payroll taxes	185,000	213,400	186,722	26,678
Deferred compensation	25,000	25,650	26,266	(616)
Total personnel services and related benefits	<u>1,327,126</u>	<u>1,400,476</u>	<u>1,388,838</u>	<u>11,638</u>
Operating services -				
Professional fees	125,000	124,000	97,214	26,786
Insurance	20,000	18,750	18,676	74
Election expense allowance	-	2,400	2,212	188
Postage	24,000	19,000	17,198	1,802
Marriage license	4,000	3,200	2,494	706
Telephone	22,000	12,800	11,514	1,286
UCC fees	6,000	5,300	5,078	222
Travel	2,400	5,600	1,318	4,282
Filing fees	24,000	24,000	23,466	534
Repairs and maintenance	25,000	10,200	35,244	(25,044)
Police jury fees	46,100	39,600	6,915	32,685
Total operating services	<u>298,500</u>	<u>264,850</u>	<u>221,329</u>	<u>43,521</u>
Materials and supplies -				
Office supplies and expense	46,500	61,500	80,360	(18,860)
Auto maintenance	2,400	2,800	2,746	54
Dues and subscriptions	1,200	1,300	5,283	(3,983)
Total materials and supplies	<u>50,100</u>	<u>65,600</u>	<u>88,389</u>	<u>(22,789)</u>
Debt service				
Principal payments	20,604	24,600	17,303	7,297
Interest	-	-	3,317	(3,317)
Total debt service	<u>20,604</u>	<u>24,600</u>	<u>20,620</u>	<u>3,980</u>
Capital outlay	<u>-</u>	<u>32,000</u>	<u>46,040</u>	<u>(14,040)</u>
Total expenditures	<u>\$ 1,696,330</u>	<u>\$ 1,787,526</u>	<u>\$ 1,765,216</u>	<u>\$ 22,310</u>

ST. MARTIN CLERK OF CLERK  
St. Martinville, Louisiana

Schedule of Funding Progress  
For the Year Ended June 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2008	N/A	N/A	N/A	N/A	N/A	N/A
July 1, 2009	N/A	N/A	N/A	N/A	N/A	N/A
July 1, 2010	-	1,370,900	1,370,900	0.0%	765,746	179%

## **OTHER SUPPLEMENTARY INFORMATION**

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana  
Agency Funds

Combining Statement of Fiduciary Assets and Liabilities  
June 30, 2010

	<u>Advance Deposit</u>	<u>Registry of Court</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 721,873	\$ -	\$ 721,873
Interest-bearing deposits	532,684	1,256,022	1,788,706
Accrued interest receivable	<u>576</u>	<u>638</u>	<u>1,214</u>
Total assets	<u>\$ 1,255,133</u>	<u>\$ 1,256,660</u>	<u>\$ 2,511,793</u>
<b>LIABILITIES</b>			
Due to litigants	\$ 1,255,133	\$ -	\$ 1,255,133
Unsettled deposits	<u>-</u>	<u>1,256,660</u>	<u>1,256,660</u>
Total liabilities	<u>\$ 1,255,133</u>	<u>\$ 1,256,660</u>	<u>\$ 2,511,793</u>

ST. MARTIN PARISH CLERK OF COURT  
St. Martinville, Louisiana  
Agency Funds

Combining Statement of Changes in Assets and Liabilities  
Year Ended June 30, 2010

	<u>Advance Deposit</u>	<u>Registry of Court</u>	<u>Total</u>
Balances, beginning of year	\$ 1,267,022	\$ 1,618,447	\$ 2,885,469
Additions:			
Suits and successions	1,723,279	-	1,723,279
Judgments	-	38,437	38,437
Interest	<u>7,447</u>	<u>4,131</u>	<u>11,578</u>
Total additions	<u>1,730,726</u>	<u>42,568</u>	<u>1,773,294</u>
Total	<u>2,997,748</u>	<u>1,661,015</u>	<u>4,658,763</u>
Reductions:			
Clerk's costs (transferred to General Fund)	1,046,234	-	1,046,234
Refunds to litigants	244,855	399,814	644,669
Other	139,971	4,541	144,512
Sheriff fees	<u>311,555</u>	<u>-</u>	<u>311,555</u>
Total reductions	<u>1,742,615</u>	<u>404,355</u>	<u>2,146,970</u>
Balances, end of year	<u>\$ 1,255,133</u>	<u>\$ 1,256,660</u>	<u>\$ 2,511,793</u>



**INTERNAL CONTROL  
AND  
COMPLIANCE**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Rebecca Patin  
St. Martin Parish Clerk of Court  
St. Martinville, Louisiana

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the St. Martin Parish Clerk of Court (Clerk of Court), as of and for the year ended June 30, 2010, which collectively comprise the Clerk of Court's basic financial statements and have issued our report thereon dated November 19, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Martin Parish Clerk of Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Martin Parish Clerk of Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the St. Martin Parish Clerk of Court's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of prior and current audit findings and management's corrective action plan, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the

entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of prior and current audit findings and management's corrective action plan to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Martin Parish Clerk of Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The St. Martin Parish Clerk of Court's responses to the findings identified in our audit are described in the accompanying schedule of prior and current audit findings and management's corrective action plan. We did not audit the Clerk of Court's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Breaux Bridge, Louisiana  
November 19, 2010

ST. MARTIN PARISH CLERK OF COURT  
St. Martin, Louisiana

Schedule of Prior and Current Audit Findings and  
Management's Corrective Action Plan  
Year Ended June 30, 2010

I. Prior Year Findings:

Internal Control Over Financial Reporting

09-1 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, the Clerk of Court did not have adequate segregation of functions within the accounting system.

Status: Unresolved. See item 10-1.

09-2 Inadequate Controls over Financial Statement Preparation

Finding:

The Clerk's office does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Status: Unresolved. See item 10-2.

Compliance

There were no findings that were required to be reported at June 30, 2009.

Management Letter Items

There were no management letter items at June 30, 2009.

(continued)

ST. MARTIN PARISH CLERK OF COURT  
St. Martin, Louisiana

Schedule of Prior and Current Audit Findings and  
Management's Corrective Action Plan (Continued)  
Year Ended June 30, 2010

II. Current Year Findings and Management Corrective Action Plan:

Internal Control Over Financial Reporting

10-1 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, the Clerk of Court did not have adequate segregation of functions within the accounting system.

Management's Corrective Action Plan:

Ms. Rebecca Patin, Clerk of Court, has determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.

10-2 Inadequate Controls over Financial Statement Preparation

Finding:

The Clerk's office does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Management's Corrective Action Plan:

Ms. Rebecca Patin, Clerk of Court, has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Compliance

There are no findings that are required to be reported at June 30, 2010.

Management Letter Items

There are no management letter items at June 30, 2010.